

Message Text

CONFIDENTIAL

PAGE 01 BONN 17106 201227Z

43

ACTION EB-04

INFO OCT-01 SS-04 EUR-03 TRSE-00 NSC-04 NSCE-00 INR-01

FRB-01 CIAE-00 CEA-01 ISO-00 /019 W

----- 049646

R 201215Z OCT 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 3736

C O N F I D E N T I A L BONN 17106

LIMDIS GREENBACK

DPEARTMENT PASS TREASURY AND FRB

E.O. 11652: XGDS-1

TAGS: EFIN, GW

SUBJECT: EMMINGER ON GOLD

1. BUNDESBANK VICE PRESIDENT EMMINGER BROUGHT UP THE DISCUSSIONS ON GOLD AT THE LAST BASLE CENTRAL BANKERS MEETING DURING A TOUR D'HORIZON WITH THE FINANCIAL ATTACHE. EMMINGER SAID THAT AFTER THE BASLE MEETING IMF MANAGING DIRECTOR WITTEVEEN HAD TOLD HIM THAT HE, WITTEVEEN, HAD BEEN 80 PERCENT CONVINCED BY THE EUROPEANS THAT IT WOULD NOT BE NECESSARY TO WAIT FOR AN AMENDMENT OF THE IMF ARTICLES BEFORE IMPLEMENTING THE AGREEMENT THAT CENTRAL BANKS COULD BUY GOLD ON THE FREE MARKET ABOVE ITS PREVIOUS OFFICIAL PRICE.

2. EMMINGER WENT BRIEFLY INTO THE LEGAL ARGUMENT, STRESSING THAT IN HIS VIEW SECTION 2 OF ARTICLE IV OF THE IMF ARTICLES WAS INTENDED TO REINFORCE AND BACK UP THE FIXED EXCHANGE RATE REGIME SET FORTH IN THE SUBSEQUENT SECTIONS OF ARTICLE IV AND LOST ITS REASON D'ETRE AND APPLICABILITY WITH FLOATING AND THE ABOLITION OF AN OFFICIAL GOLD PRICE.

3. EMMINGER SPECULATED THAT IT WAS PROBABLY TOO MUCH
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BONN 17106 201227Z

TO ASK THE IMF LAWYERS TO ISSUE A FORMAL OPINION THAT

ARTICLE IV, SECTION 2 WAS NO LONGER APPLICABLE, BUT
THOUGHT THAT INSTEAD WITTEVEEN AND HIS STAFF COULD BE
PERSUADED TO TOLERATE CENTRAL BANK GOLD PURCHASES AT
MARKET RELATED PRICES IN THE SAME WAY AS FLOATING WAS
TOLERATED AND ACCEPT A C-20 DECISION TO THIS EFFECT
WITHOUT OBJECTION.

4. EMMINGER STRESSED THAT FRANCE WAS NOT ISOLATED ON
THIS POINT. GERMANY FULLY SUPPORTED THE PROPOSITION
THAT ALL OF THE AGREEMENTS ON GOLD HAD TO BE IMPLEMENTED
TOGETHER AND THAT THE AGREEMENT ON IMF GOLD SALES COULD
NOT BE IMPLEMENTED PRIOR TO THAT ON CENTRAL BANK GOLD
PURCHASES (SUBJECT TO THE AGREED SAFEGUARDS). EMMINGER
SAID THAT BUNDESBANK PRESIDENT KLASSEN FULLY SHARED THIS
VIEW AND WONDERED WHAT THE BURNS/KLASSEN UNDERSTANDING
AT THE TIME OF THE WASHINGTON IMF MEETING, COULD HAVE
BEEN ALL ABOUT IF THE US IN FACT MEANT THAT THE
POSSIBILITY OF CENTRAL BANK GOLD PURCHASES WAS TO BE
POSTPONED FOR THE TWO YEARS OR SO IT WOULD TAKE TO
AMEND THE IMF ARTICLES. THE WHOLE IDEA HAD BEEN TO
FREE THE WAY FOR IMPLEMENTATION NOW OF ALL OF THE
ELEMENTS OF THE PACKAGE.
HILLENBRAND

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FINANCIAL STABILITY, GOLD, FOREIGN EXCHANGE RATES
Control Number: n/a
Copy: SINGLE
Draft Date: 20 OCT 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975BONN17106
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: X1
Errors: N/A
Film Number: D750363-0603
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751038/aaaabee.tel
Line Count: 84
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 04 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04 JUN 2003 by ShawDG>; APPROVED <05 JUN 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EMMINGER ON GOLD
TAGS: EFIN, GE, (EMMINGER)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006